

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 2931 - HB 3150**

February 20, 2012

**SUMMARY OF BILL:** Brings the Uniform Commercial Code (UCC) into compliance with the model act proposed to the states by the Uniform Law Commission of the National Conference of Commissioners on Uniform State Laws (NCCUSL). Changes primarily include amendments to Article 9 regarding secured transactions. Adopts the “only-if” rule for individual debtors, which requires a financing statement to include the debtor’s name exactly as it appears on his or her driver’s license. Establishes guidelines for when a debtor is an organization including the requirement that, when the debtor is a registered organization or registered trust, the financing statement must include the name of the organization/trust as identified in the trust’s organic records. If the trust is not a registered organization and no name is specified in its records, the financing statement must include the name of the settler or testator. Deletes extraneous information currently required on financing statements. Changes the term “correction statement” in Tenn. Code Ann. § 49-9-518 to “information statement” and provides that the statement can be filed by a debtor when the debtor believes the financing statement was wrongfully filed, or by the secured party when it believes an amendment to its financing statement was not authorized. Provides greater protection for an existing secured party having a security interest in after-acquired property when the debtor relocates to another state or merges with another entity. Amends Article 1 of the Tennessee UCC to reinstate a previously enacted non-uniform section dealing with rules of construction of the entire UCC and the use of the UCC’s Official Comments in disputes. The bill contains a number of technical changes and a set of transition rules. Adopts the uniform code effective date of July 1, 2013.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- According to the Secretary of State, changes will be made to filing forms. The new forms have been designed by the International Association of Commercial Administrators (IACA). The current UCCMS system is being migrated to a new UCC module in the TN-Bear system, which processes all filings in the Secretary of State Business Services Division.
- The change in forms can be accommodated in the system migration from UCCMS to TN-BEAR.
- Any increase in state expenditures will not be significant and can be covered as a part of the migration project.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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